

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 EB-11 L-03 DRC-01 RSC-01 SS-20 SP-03

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R 130928Z SEP 74

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 6852

C O N F I D E N T I A L MANILA 11048

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E.O. 11652: GDS

TAGS: ECON, OVIP, RP

SUBJECT: WASHINGTON VISIT OF SENIOR CABINET OFFICIALS

EA FOR HABIB, EB FOR ENDERS; AND L FOR ALDRICH FROM THE AMBASSADOR

1. PHILIPPINE FINANCE SECRETARY CESAR VIRATA HAS ASKED EMBASSY TO ARRANGE APPOINTMENTS FOR HIM AND FOR EXECUTIVE SECRETARY ALEJANDRO MELCHOR IN THE DEPARTMENT ON SEPTEMBER 27 PRIOR TO THE ANNUAL MEETINGS OF THE IBRD AND THE IMF. VIRATA HAS MADE AVAILABLE AS MUCH OF THE DAY, INCLUDING LUNCH, AS WE WISH TO PROGRAM. IN VIEW OF VIRATA'S ROLE IN PHILIPPINE ECONOMIC AFFAIRS AND MELCHOR'S BROAD RESPONSIBILITIES IN THE MARCOS GOVERNMENT, I BELIEVE IT WOULD BE USEFUL AND TIMELY FOR EACH OF YOU TO MEET AND REVIEW WITH THEM CURRENT ECONOMIC THINKING AND OTHER DEVELOPMENTS IN THE PHILIPPINES.

2. BOTH MELCHOR AND VIRATA HAVE PLAYED IMPORTANT ROLES IN PHILIPPINE ECONOMIC NEGOTIATIONS WITH THE U.S. MELCHOR HAS WORKED VERY EFFECTIVELY BEHIND THE SCENES ON A NUMBER OF BUSINESS PROBLEMS. VIRATA HAS BEEN THE PRESIDENT'S LEADING ADVISOR ON THESE QUESTIONS AND HAS RECENTLY HAD A MAJOR SHARE OF THE RESPONSIBILITY FOR SLOWING THEIR PACE OF ECONOMIC TALKS UNTIL SOME CLEARER PICTURE OF THE U.S. ABILITY TO PROVIDE TRADE CONCESSIONS TO THE PHILIPPINES COULD BE ESTABLISHED.

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VIRATA WILL BE EXPECTING TO REVIEW THESE NEGOTIATIONS AND,

DEPENDING ON STATUS OF THE TRADE BILL, TO DISCUSS THE NEXT
ROUNDS PARTICULARLY WITH ALDRICH.

3. IN ADDITION TO A REVIEW OF NEGOTIATIONS, VIRATA WILL
EXPECT DISCUSSION OF BROADER TRADE, FINANCIAL AND INVESTMENT
INTERESTS. PHILIPPINE TRADE POLICY IS NOW LAUNCHED ON A
MULTILATERAL COURSE REFLECTED IN THE COUNTRY'S PROVISIONAL
ACCESSION TO GATT AND ITS SUPPORT OF ASEAN INITIATIVES IN
TRADE. SUGAR REMAINS A STAPLE OF PHILIPPINE/US TRADE
RELATIONS, AND OF MAJOR INTEREST IS THE PHILIPPINE DESIRE
FOR MORE LIBERAL TREATMENT OF THEIR EXPORTS UNDER TITLE V
OF THE TRADE BILL. ON THE INVESTMENT SIDE, IT MAY BE TIMELY
TO REVIEW CURRENT CONCERNS SUCH AS THE PROPOSED CHANGES IN
LAW ON FOREIGN INSURANCE FIRMS AND THE GROWING DIRECT
PARTICIPATING ROLE OF THE PHILIPPINE GOVERNMENT IN ECONOMIC
MATTERS. VIRATA MAY ALSO WANT TO DISCUSS POSSIBLE FOLLOW
UP TO RECENTLY CONCLUDED TALKS ON REVISION OF THE US/RP
TAX TREATY.

4. WHILE THIS IS NOT MEANT TO BE AN EXHAUSTIVE AGENDA, I
HOPE IT UNDERSCORES OUR INTEREST IN TAKING ADVANTAGE OF
VIRATA'S REQUEST. I AM SURE YOU WILL ALSO FIND OF GREAT VALUE
MELCHOR'S COMMENTS ON THE MILITARY SITUATION IN THE SOUTH, ON
PHILIPPINE MILITARY ASSISTANCE INTERESTS AND ON OTHER MAJOR
TOPICS.

5. APPRECIATE YOUR SEEING TO DEVELOPMENT OF A PRODUCTIVE
SCHEDULE. REQUEST YOU CONVEY SCHEDULE TO AMBASSADOR ROMUALDEZ
FOR VIRATA MELCHOR. WE WILL ALSO CONVEY TO THEIR
RESPECTIVE OFFICES HERE WHEN RECEIVED.
SULLIVAN

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC CONDITIONS, MEETING AGENDA, TRADE, AGREEMENTS, DIPLOMATIC DISCUSSIONS, VISITS, INVESTMENTS, TAX REFORMS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 SEP 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: kelleyw0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MANILA11048
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740256-1118
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740948/aaaabonj.tel
Line Count: 92
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: STADIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: kelleyw0
Review Comment: n/a
Review Content Flags:
Review Date: 08 AUG 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08-Aug-2002 by shawdg>; APPROVED <17 MAR 2003 by kelleyw0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: WASHINGTON VISIT OF SENIOR CABINET OFFICIALS EA FOR HABIB, EB FOR ENDERS; AND L FOR ALDRICH FROM THE AMBASSADOR
TAGS: ECON, OVIP, RP, (VIRATA, CESAR), (MELCHOR, ALEJANDRO)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005